

# ORGANIZING WIRE

## PGA Tour Entertainment Employees Choose IBEW, Long History of Excellence

The IBEW has had a strong relationships with its national broadcasting partners for decades. So, when PGA Tour Entertainment employees went looking for a union, they had a good idea where to turn.

In December, they voted by more than 70% to accept IBEW representation following a yearlong organizing campaign by the Broadcasting and Membership Development departments. Contract negotiations begin soon and will add about 350 members to the Brotherhood when finished, Broadcasting International Representative Neil Ambrosio said.

"We know how to administer large agreements," Ambrosio said. "We know how to administer national agreements. We know how to build long-standing relationships with employers."

The tour employees "think they need a seat at the table, and they think we're the best people to sit besides them and improve things," he added.

The IBEW represents technicians at CBS and has had a professional relationship with it since 1939, when it was a radio company. The network has been the lead broadcaster of the PGA Tour for most of the last 52 years.

PGA Tour Entertainment is responsible for all in-house production for the tour. It has a handful of full-time employees, but like the major networks, it relies on freelancers based all over the country, particularly when it is working a live event.

It took on added responsibilities in 2022, the first year of a contract between the PGA and Disney that offered supplementary coverage of 28 tour events on ESPN+, the streaming service of Disney-owned ESPN.

The move is a boon for golf fanatics. PGA Tour Entertainment concentrates on marquee groupings and streams of individual holes, and its workers are responsible for those pictures and sounds. In that role, they often found themselves working alongside colleagues from CBS Sports, who enjoyed higher pay and enhanced job protections of a collective bargaining agreement — all while keeping a positive relationship between the IBEW and company management.

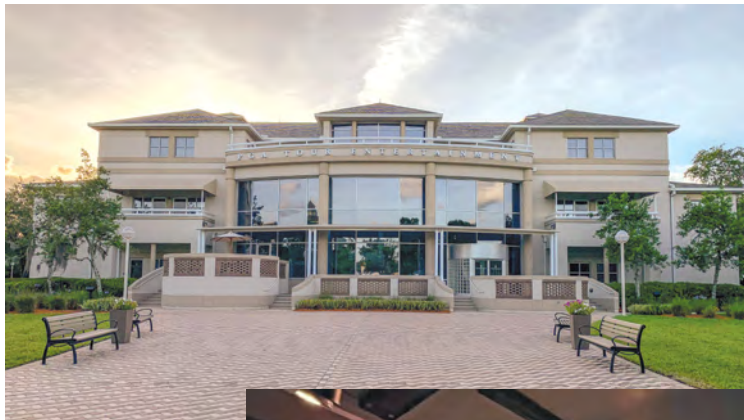
"I think they saw how we interacted with our partners on the PGA Tour and were impressed," Ambrosio said.

Still, that didn't guarantee an organizing win. Many of the tour employees were reluctant to speak with IBEW representatives in a public setting for fear of upsetting management and losing future assignments — an understandable reaction for a freelancer.

So the IBEW designed a website that prospective members could turn to for information. The card-signing process was done digitally, meaning those employees could vote on representation from the privacy of their homes, hotel rooms or wherever they chose.

Those involved in the campaign made it clear the PGA Tour workers could contact them at any time with questions.

"The ability to use online authorization cards really cleans up the process," said International Representative Joe



*PGA Tour Entertainment headquarters in Ponte Vedra Beach, Fla. [above], and the scene inside its control room during a tournament [right]. The IBEW successfully organized about 350 of the companies' freelancers.*



Mastrogiovanni Jr., a lead organizer for the Third District who assisted with the effort. "You don't have to worry about what I call the hand-to-hand combat you often get. Sometimes, the only opportunity you get to approach someone is on the job, and a lot of times, people do not want that interaction. They're always looking over their shoulder."

Ambrosio said that's why the work of Mastrogiovanni and Workforce Recruitment Coordinator Craig Perica, who both handled the digital operations, was so important. So was the cooperation between Broadcasting, Membership Development and other departments, he said.

"We were fortunate to have a tremendous amount of resources and talented people to put this together," he said.

For his part, Mastrogiovanni said the campaign was going well before he got involved. But he agreed that the combination of the teamwork and the motivation of PGA Tour Entertainment employees put it over the top.

"This was a unique campaign in that there were a lot of moving parts," he said. "These employees are freelancers that get these different jobs that send them all over the country. Having the digital cards was a definitely factor.

"But all throughout the campaign, there really was overwhelming support. These people work at tournaments doing a lot of the same work our members [employed by CBS] do but they don't get the same pay and benefits. The only difference was they weren't IBEW members."

Retired International President Lonnie R. Stephenson, who was still serving in that role when the vote was announced in December, welcomed the new bargaining unit to the Brotherhood.

"For as long as there has been a broadcast industry, the IBEW has been a part of it, giving voice to the men and women who keep it going, and it's an honor to have PGA Tour Entertainment professionals as part of our union," he said.

Ambrosio noted the PGA Tour Entertainment employees could have accepted representation from other unions.

"For me personally, that's what makes the success of this campaign even better," he said. "It's not about the numbers. It's about the fact that these television professionals had the choice of unions and they chose the IBEW. I think that's a recognition of how we do business and the relationships we have in the industry."

"The IBEW has a long history of representing workers in the broadcast industry, from radio and local television stations to sports and news, regionally and across the country," Broadcasting Director Robert Prunn said. "The decision by PGA Tour Entertainment's freelance employees to join us shows we understand the industry and work with our employer partners to benefit our members' lives.

"I'm excited and look forward to meeting our new members at a remote site in the near future." ■

## Independent Auditor's Report

International Executive Council  
International Brotherhood of Electrical Workers

### Opinion

We have audited the accompanying consolidated financial statements of the International Brotherhood of Electrical Workers and subsidiaries (collectively, the International Union or IBEW), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the International Brotherhood of Electrical Workers and subsidiaries as of June 30, 2022 and 2021, and the consolidated changes in their net assets and their consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the International Union's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the International Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Calibre CPA Group, PLLC*

Bethesda, MD  
October 21, 2022

International Brotherhood of Electrical Workers and Subsidiaries  
**Consolidated Statements of  
 Financial Position**

JUNE 30, 2022 AND 2021

	2022	2021
<b>Assets</b>		
<b>Cash and cash equivalents</b>	\$ 9,465,063	\$ 12,323,872
<b>Receivables</b>		
Loans and advances to chartered bodies	400,500	406,000
Per capita tax receivable	10,393,692	9,971,939
Due from Trust for the IBEW Pension Benefit Fund (PBF)	125,799	157,275
Unbilled rent	6,501,869	6,452,356
Accrued interest and dividends	571,568	592,009
Security sales pending settlement	584,804	310,115
Other	578,267	583,809
Total receivables	19,156,499	18,473,503
<b>Investments – at fair value</b>	515,185,087	545,544,107
<b>Property and equipment – at cost</b>		
Land, building and improvements	139,556,712	139,086,208
Furniture and equipment	57,717,247	53,768,163
	197,273,959	192,854,371
Accumulated depreciation	(94,186,431)	(89,003,871)
Net property and equipment	103,087,528	103,850,500
<b>Other assets</b>		
Cash held for reciprocity agreements pending settlement	9,142,453	7,462,291
Deferred leasing, organization and financing costs (net of amortization)	2,148,137	2,500,384
Prepaid expenses	1,378,623	3,375,602
Inventory of merchandise and office supplies, at cost	1,867,853	1,484,041
Excess of pension plan assets over projected benefit obligation	4,090,687	5,657,828
Other	2,177,944	1,674,799
Total other assets	20,805,697	22,154,945
Total assets	\$ 667,699,874	\$ 702,346,927
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,817,173	\$ 7,701,798
Liability for postretirement benefits	90,516,000	86,921,000
Security purchases pending settlement	7,219,890	8,159,873
Deferred per capita tax revenue	11,144,644	11,721,924
Reciprocity agreement funds pending settlement	9,140,769	7,461,300
Other	4,224,689	5,336,416
Total liabilities	135,063,165	127,302,311
<b>Net assets without donor restrictions</b>		
Appropriated for additional postretirement benefits	252,518,000	176,851,000
Unappropriated	280,118,709	398,193,616
Total net assets	532,636,709	575,044,616
Total liabilities and net assets	\$667,699,874	\$702,346,927

International Brotherhood of Electrical Workers and Subsidiaries  
**Consolidated Statements of  
 Activities and Changes in Net Assets**

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<b>Operating revenue</b>		
Per capita tax	\$ 154,849,713	\$ 152,914,203
Initiation and reinstatement fees	1,950,302	1,606,545
Rental income, net	11,036,351	11,737,829
Sales of supplies	1,419,987	570,860
Other income	3,574,196	1,881,702
Total operating revenue	172,830,549	168,711,139
<b>Operating expenses</b>		
<b>Program services expenses</b>		
Field services and programs	118,737,551	106,146,307
Media relations	9,752,830	9,020,042
Industry trade programs	13,604,854	18,290,391
Per capita tax expense	7,471,660	7,379,281
Legal defense	2,882,912	2,742,178
Total program services	152,449,807	143,578,199
<b>Supporting services expenses</b>		
Governance and oversight	7,539,017	6,928,604
General administration	10,241,607	9,998,592
Total supporting services	17,780,624	16,927,196
Total operating expenses	170,230,431	160,505,395
<b>Change in net assets from operations before investment and other income</b>	2,600,118	8,205,744
<b>Investment income (loss)</b>		
Interest and dividends	6,141,555	5,844,625
Net appreciation (depreciation) in fair value of investments	(26,593,756)	77,131,806
Investment expenses	(770,295)	(933,804)
Net investment income (loss)	(21,222,496)	82,042,627
<b>Other income (expense)</b>		
Convention expense	(21,150,000)	–
Convention revenue	2,440,150	–
Gain (loss) on sale of property and equipment	77,698	(137,332)
Currency translation adjustment	(272,010)	2,177,323
Total other income (expense)	(18,904,162)	2,039,991
<b>Change in net assets from operations after investment and other income</b>	\$ (37,526,540)	\$ 92,288,362
<b>Other components of defined benefit pension and postretirement net periodic benefit cost</b>		
Pension benefits	22,156,874	(681,772)
Postretirement health care benefits	(1,754,000)	(1,630,000)
<b>Defined benefit pension and postretirement benefit changes other than net periodic benefit cost</b>		
Pension benefits	(24,000,503)	134,292,858
Postretirement health care benefits	(1,283,738)	(6,122,738)
<b>Appropriation of net assets to fund postretirement benefits not yet accrued</b>	(75,667,000)	(3,083,000)
<b>Change in net assets without donor restrictions, unappropriated</b>	(118,074,907)	215,063,710
<b>Net assets without donor restrictions, unappropriated</b>		
Beginning of year	398,193,616	183,129,906
End of year	\$ 280,118,709	\$ 398,193,616
<b>Net assets without donor restrictions, appropriated</b>		
Beginning of year	\$ 176,851,000	\$ 173,768,000
Appropriation of net assets to fund postretirement benefits not yet accrued	75,667,000	3,083,000
End of year	\$ 252,518,000	\$ 176,851,000

REPORT OF INDEPENDENT AUDITORS *continued on page 14*



## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Functional Expenses

YEARS ENDED JUNE30,2022 AND 2021

	2022							
	Program Services					Supporting Services		Total
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	
Salaries	\$ 49,434,532	\$ 2,231,034	\$ 5,277,766	\$ -	\$ -	\$ 3,184,057	\$ 5,939,070	\$ 66,066,459
Payroll taxes and employee benefits	44,350,202	2,066,096	4,649,461	-	-	2,944,148	5,265,173	59,275,080
Per capita taxes	-	-	-	7,471,660	-	-	-	7,471,660
Professional fees	929,012	55,825	468,799	-	2,882,912	51,821	427,208	4,815,577
Travel and related expenses	4,245,210	31,452	205,047	-	-	295,044	24,597	4,801,350
<i>Electrical Worker</i> printing and mailing expenses	-	4,824,118	-	-	-	-	-	4,824,118
Other expenses	12,322,710	300,257	2,482,475	-	-	552,461	793,062	16,450,965
Administrative reimbursement from PBF	-	-	-	-	-	-	(2,900,000)	(2,900,000)
Building operations	8,727,918	301,456	657,112	-	-	593,417	845,319	11,125,222
Total operating expense	120,009,584	9,810,238	13,740,660	7,471,660	2,882,912	7,620,948	10,394,429	171,930,431
Less: software development costs capitalized	(1,272,033)	(57,408)	(135,806)	-	-	(81,931)	(152,822)	(1,700,000)
Net operating expense	118,737,551	9,752,830	13,604,854	7,471,660	2,882,912	7,539,017	10,241,607	170,230,431
Other components of defined benefit pension and postretirement net periodic benefit cost	(15,266,544)	(688,996)	(1,629,898)	-	-	(983,312)	(1,834,124)	(20,402,874)
Total	<u>\$ 103,471,007</u>	<u>\$ 9,063,834</u>	<u>\$ 11,974,956</u>	<u>\$ 7,471,660</u>	<u>\$ 2,882,912</u>	<u>\$ 6,555,705</u>	<u>\$ 8,407,483</u>	<u>\$ 149,827,557</u>
	2021							
	Program Services					Supporting Services		
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	Total
Salaries	\$ 45,882,788	\$ 2,108,657	\$ 8,201,514	\$ -	\$ -	\$ 3,154,849	\$ 5,719,732	\$ 65,067,540
Payroll taxes and employee benefits	41,236,376	1,905,105	7,348,915	-	-	2,857,966	5,255,834	58,604,196
Per capita taxes	-	-	-	7,379,281	-	-	-	7,379,281
Professional fees	1,793,295	57,713	552,403	-	2,742,178	76,067	720,992	5,942,648
Travel and related expenses	1,487,915	4,803	57,772	-	-	34,440	2,305	1,587,235
<i>Electrical Worker</i> printing and mailing expenses	-	4,547,184	-	-	-	-	-	4,547,184
Other expenses	8,451,703	180,674	1,636,676	-	-	341,798	543,519	11,154,370
Administrative reimbursement from PBF	-	-	-	-	-	-	(2,800,000)	(2,800,000)
Building operations	8,965,451	292,711	791,840	-	-	578,395	764,544	11,392,941
Total operating expense	107,817,528	9,096,847	18,589,120	7,379,281	2,742,178	7,043,515	10,206,926	162,875,395
Less: software development costs capitalized	(1,671,221)	(76,805)	(298,729)	-	-	(114,911)	(208,334)	(2,370,000)
Net operating expense	106,146,307	9,020,042	18,290,391	7,379,281	2,742,178	6,928,604	9,998,592	160,505,395
Other components of defined benefit pension and postretirement net periodic benefit cost	1,626,660	75,151	289,894	-	-	112,739	207,328	2,311,772
Total	<u>\$107,772,967</u>	<u>\$9,095,193</u>	<u>\$18,580,285</u>	<u>\$7,379,281</u>	<u>\$2,742,178</u>	<u>\$7,041,343</u>	<u>\$10,205,920</u>	<u>\$162,817,167</u>

## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Cash Flows

	YEARS ENDED JUNE30,2022 AND 2021		2022	2021
			2022	2021
			2022	2021
<b>Cash flows from operating activities</b>				
Cash flows from				
Affiliated chartered bodies	\$ 157,220,969	\$ 158,932,059		
Interest and dividends	6,161,996	5,907,316		
Rental income	10,895,506	11,314,412		
Participant contributions collected on behalf of PBF	92,998,169	92,318,735		
Reimbursement of administrative expenses from PBF	2,900,000	2,800,000		
Other	6,019,888	1,919,273		
Cash provided by operations	<u>276,196,528</u>	<u>273,191,795</u>		
Cash paid for				
Salaries, payroll taxes, and employee benefits	(120,189,539)	(110,607,873)		
Service providers, vendors and others	(55,090,695)	(38,373,774)		
Participant contributions remitted to PBF	(92,966,693)	91,412,028)		
Per capita tax	(7,471,660)	(7,379,281)		
Interest	(70,981)	(58,342)		
Cash used for operations	<u>(275,789,568)</u>	<u>(247,831,298)</u>		
Net cash provided by operating activities	<u>406,960</u>	<u>25,360,497</u>		
<b>Cash flows from investing activities</b>				
Repayments on loans and advances made to chartered bodies		5,500	18,000	
Purchases of property and equipment		(4,299,078)	(3,330,932)	
Purchases of investments		(162,698,444)	(333,451,913)	
Proceeds from sales of property and equipment		101,835	45,475	
Proceeds from sales of investments		163,279,637	296,837,325	
Net short-term cash investment transactions		1,969,399	14,953,416	
Net cash provided by (used for) investing activities		<u>(1,641,151)</u>	<u>(24,928,629)</u>	
<b>Cash flows from financing activities</b>				
Principal repayments under capital lease obligations		(1,352,608)	(1,353,371)	
Net cash used for financing activities		<u>(1,352,608)</u>	<u>(1,353,371)</u>	
Effect of exchange rate changes on cash and cash equivalents		(272,010)	2,177,323	
Net change in cash and cash equivalents		<u>(2,858,809)</u>	<u>1,255,820</u>	
Cash and cash equivalents				
Beginning of year		12,323,872	11,068,052	
End of year		<u>\$ 9,465,063</u>	<u>\$ 12,323,872</u>	
<b>Supplemental disclosure</b>				
Property and equipment acquired under capital lease obligations		<u>\$ 1,854,700</u>	<u>\$ 1,306,386</u>	

## International Brotherhood of Electrical Workers and Subsidiaries

# Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2022 AND 2021

### Note 1. Summary of Significant Accounting Policies

**Nature of Operations** — The International Brotherhood of Electrical Workers (International Union or IBEW) is an international labor union established to organize all workers for the moral, economic and social advancement of their condition and status. The significant portion of the International Union's revenue comes from per capita taxes of members paid by the local unions.

**Basis of Presentation** — The consolidated financial statements include the accounts of the International Brotherhood of Electrical Workers, the IBEW Headquarters Building LLC, of which the International Brotherhood of Electrical Workers owns 99%, and the IBEW Relocation Holdings LLC, of which the International Brotherhood of Electrical Workers is the sole member. The IBEW Headquarters Building LLC holds title to an office building that serves as the headquarters for the International Brotherhood of Electrical Workers. The IBEW Relocation Holdings LLC's purpose is to acquire, hold, own, maintain, hold for investment, operate, lease, convey interests in, mortgage or otherwise encumber, sell, exchange or dispose of, and otherwise invest in and deal with real estate property and any personal or intangible property associated with the real estate. All inter-organization accounts and transactions have been eliminated in consolidation. The International Union appropriates a portion of unrestricted net assets representing the estimated liability for additional postretirement benefits not yet accrued.

**Method of Accounting** — The financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation** — Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *Not-for-Profit Entities — Presentation of Financial Statements*. Under those principles, the International Union is required to report information regarding its financial position and activities according to two classes of net assets — net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions** — These net assets are available to finance the general operations of the International Union. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the International Union, the environment in which it operates, and the purposes specified in its organizing documents.

**Net assets with donor restrictions** — These net assets result from contributions and other inflows of assets, the use of which by the International Union is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

As of June 30, 2022 and 2021, the International Union did not have any net assets with donor restrictions.

**Investments** — Generally, investments are carried at fair value. Changes in fair value of investments are recognized as unrealized gains and losses. For the purpose of recording realized gains or losses, the average cost method is used. Purchases and sales are recorded on a trade-date basis. The purchases and sales pending settlement are reported as either assets or liabilities in the consolidated statements of financial position. Pending sales represent amounts due from brokers while pending purchases represent amounts due to brokers for trades not settled. All pending transactions at June 30, 2022 and 2021 were settled in July 2022 and 2021, respectively.

**Accounts Receivable** — Trade accounts receivable are reported net of an allowance for expected losses. Based on management's evaluation of receivables, the allowance account has a zero balance at June 30, 2022 and 2021.

**Property and Equipment** — Building, improvements, furniture and equipment are carried at cost. Major additions are capitalized. Replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Building and improvements	10-40 years
Tenant improvements and capital leases	Life of respective lease
Furniture and equipment	2-10 years

**Inventory** — The International Union maintains an inventory of supplies for use and for resale to local unions and individual members. Inventory is stated at average inventory cost which approximates the net realizable value of items held.

**Revenue Recognition** — Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with per capita tax, which are transferred over the period of membership, all goods and services are transferred at a point in time. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

**Per capita taxes** — Per capita taxes entitle members to a bundle of goods and services that are considered a single performance obligation and provided ratably over the membership period. Per capita tax payments are generally required in advance and amounts not yet recognized as revenue are deferred to the applicable membership period.

**Initiation and reinstatement fees** — Initiation and reinstatement fees are assessments levied and recognized at the time of initiation or reinstatement.

**Sales of merchandise and supplies** — Sales of merchandise and supplies entitle members and customers to IBEW branded goods for which revenue is recognized when goods are shipped to the member/customer.

**Revenue from other exchange transactions** — Event registrations are recognized as revenue when the event is held, and royalties are recognized as revenue as underlying sales are made.

**Contributions** — Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Canadian Exchange** — The International Union maintains assets and liabilities in Canada as well as the United States. It is the intent of the International Union to receive and expend Canadian dollars in Canada and not, on a regular basis, convert them to U.S. dollars. For financial statement purposes, all assets and liabilities are expressed in U.S. dollar equivalents.

Canadian dollars included in the consolidated statements of financial position are translated at the appropriate year-end exchange rates. Canadian dollars included in the consolidated statements of activities and changes in net assets are translated at the average exchange rates for the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in "Currency translation adjustment" in the consolidated statements of activities and changes in net assets.

**Statements of Cash Flows** — For purposes of the consolidated statements of cash flows, cash is considered to be amounts on hand and in demand deposit bank accounts subject to immediate withdrawal.

**Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Functional Allocation of Expenses** — The costs of providing the various programs and supporting activities of the International Union have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on salary allocations.

### Note 2. Tax Status

The International Union is generally exempt from federal income and District of Columbia franchise taxes as an organization described in Section 501(c)(5) of the Internal Revenue Code (IRC). The International Union is, however, subject to tax on net profits generated by activities defined as unrelated business activities under applicable tax law (there were no unrelated activities during the years ended June 30, 2022 and 2021). IBEW Headquarters Building, LLC and IBEW Relocation Holdings, LLC are not taxpaying entities for federal income tax purposes.

Income of these companies is taxed to the members in their respective returns. The International Union's Form 990, Return of Organization Exempt from Income Tax, and Form 990-T, Exempt Organization Unrelated Business Income Tax Return, for the years ended June 30, 2019 through 2021 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

### Note 3. Liquidity and Availability of Financial Resources

As part of the International Union's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the International Union invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The International Union's Board appropriated \$252,518,000 as of June 30, 2022 and \$176,851,000 as of June 30, 2021 for postretirement health care as disclosed in Note 7. However, in the event of unanticipated liquidity needs, the International Union's Board could make available all or a portion of the amount currently appropriated.

The following table represents the International Union's financial assets available to meet cash needs for general expenditures within one year of June 30, 2022 and 2021.

	2022	2021
<b>Total assets</b>	\$ 667,699,874	\$ 702,346,927
<b>Less nonfinancial assets</b>		
Net property and equipment	(103,087,528)	(103,850,500)
Net deferred leasing, organization, and financing costs	(2,148,137)	(2,500,384)
Prepaid expenses	(1,378,623)	(3,375,602)
Inventory	(1,867,853)	(1,484,041)
Excess of pension plan assets over PBO	(4,090,687)	(5,657,828)
Other nonfinancial assets	(2,177,944)	(1,674,799)
<b>Total financial assets</b>	552,949,102	583,803,773
<b>Less amounts unavailable within one year</b>		
Appropriated for additional postretirement benefits	(252,518,000)	(176,851,000)
Reciprocity Agreement funds pending settlement	(9,140,769)	(7,461,300)
Loans and advances to chartered bodies not expected to be collected within one year	(379,500)	(388,000)
Unbilled rent receivable due in more than one year	(6,366,947)	(6,452,356)
<b>Total financial assets available for general expenditures within one year</b>	<u>\$ 284,543,886</u>	<u>\$ 392,651,117</u>

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**Note 4. Investments**

The cost and fair value of investments held as of June 30, 2022 were as follows:

	Cost	Fair Value
Short-term cash investments	\$ 25,423,398	\$ 25,423,398
Government and government agency obligations		
Corporate bonds and notes	37,489,639	33,580,474
Preferred stock	72,893,800	68,262,689
Common stock	190,800	188,848
Mortgage loans	95,692,932	151,218,720
Mutual funds	49,080,474	49,505,339
103-12 entities	29,037,897	45,399,238
Other alternative investments	1,500,000	-
INDURE REIT LLC	46,627,454	113,781,842
AFL-CIO Housing Investment Trust	31,490,943	27,824,539
	<u>\$ 389,427,337</u>	<u>\$ 515,185,087</u>

The cost and fair value of investments held as of June 30, 2021 were as follows:

	Cost	Fair Value
Short-term cash investments	\$ 27,568,794	\$ 27,568,794
Government and government agency obligations	40,559,438	41,352,517
Corporate bonds and notes	75,186,592	76,195,883
Preferred stock	190,800	193,406
Common stock	90,262,697	161,254,051
Mortgage loans	1,500,974	1,603,977
Mutual funds	46,423,063	59,008,196
103-12 entities	29,108,604	54,424,588
Other alternative investments	1,500,000	-
INDURE REIT LLC	46,627,454	92,979,492
AFL-CIO Housing Investment Trust	30,773,883	30,963,203
	<u>\$ 389,702,299</u>	<u>\$ 545,544,107</u>

**Fair Value Measurement**

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the International Union has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables sets forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2022 and 2021:

June 30, 2022				
Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 25,423,398	\$ -	\$ 25,423,398	\$ -
Government and government agency obligations	33,580,474	6,208,396	27,372,078	-
Corporate bonds and notes	68,262,689	-	68,262,689	-
Preferred stock	188,848	-	188,848	-
Common stock	151,218,720	124,590,469	-	26,628,251
Mutual funds	49,505,339	49,505,339	-	-
Total	328,179,468	<u>\$ 180,304,204</u>	<u>\$ 121,247,013</u>	<u>\$ 26,628,251</u>
Investments measured at NAV*	187,005,619			
Investments at fair value	<u>\$ 515,185,087</u>			

June 30, 2021

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 27,568,794	\$ -	\$ 27,568,794	\$ -
Government and government agency obligations	41,352,517	5,647,633	35,704,884	-
Corporate bonds and notes	76,195,883	-	76,195,883	-
Preferred stock	193,406	-	193,406	-
Common stock	161,254,051	136,536,918	-	24,717,133
Mortgage loans	1,603,977	-	1,603,977	-
Mutual funds	59,008,196	59,008,196	-	-
Total	367,176,824	<u>\$ 201,192,747</u>	<u>\$ 141,266,944</u>	<u>\$ 24,717,133</u>
Investments measured at NAV*	178,367,283			
Investments at fair value	<u>\$ 545,544,107</u>			

\*Investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables on the preceding page are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

**Changes in Fair Value of Level 3 Assets**

The following table sets forth a summary of the changes in fair value of the International Union's Level 3 assets for the years ended June 30, 2022 and 2021:

Changes in Level 3 Category	2022	2021
Balance at beginning of year	\$ 24,717,133	\$ 20,826,945
Net gains (realized/unrealized)	1,911,118	3,890,188
Purchases	-	-
Sales	-	-
Transfers in/out Level 3	-	-
Balance at end of year	<u>\$ 26,628,251</u>	<u>\$ 24,717,133</u>

Following are the descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2022 and 2021.

**Level 1**

Equity securities (except the ULLICO Stock), U.S. Treasury bonds and notes, and mutual funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period.

**Level 2**

Most Government and government agency obligations, municipal bonds, corporate bonds and notes, preferred stock and mortgage loans are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Short-term cash investments are valued at cost which approximates fair value.

**Level 3**

Common stock represents stock holdings of ULLICO Inc. and fair value is determined by management based on valuations performed by an independent third party. The stock is not actively traded and there are no directly comparable inputs. There were no changes in valuation techniques used during the years ended June 30, 2022 and 2021.

**Note 5. Investments in Investment Entities**

Authoritative guidance on fair value measurements permits the International Union to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the NAV of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV. The net asset value per share is the amount of the investee's net assets attributable to each unit share of ownership interest.

The International Union's investment in investment entities is subject to the terms of the respective private placement memoranda and governing agreements. Income or loss from investments in these investment entities is net of the International Union's proportionate share of fees and expenses incurred or charged by these investment entities.

The International Union's risk of loss in these entities is limited to its investment. The International Union may increase or decrease its level of investment in these entities at its discretion. The International Union typically has the ability to redeem its investment from these entities on a daily or quarterly basis, but longer lock-up periods can apply to certain investments.



The following table summarizes the International Union's investments in certain entities that calculate NAV per share as fair value measurement as of June 30, 2022 and 2021 by investment strategy. There were no unfunded commitments at either June 30, 2022 or June 30, 2021.

Description	Fair Value (in millions)		Redemption frequency	Redemption notice period
	2022	2021		
a. 103-12 investment entities	\$ 45.4	\$ 54.4	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	27.8	31.0	Monthly	15 days
c. INDURE REIT LLC	113.8	93.0	Maximum 20% redemptions allowed for 24 months following initial investment, daily redemptions after	One day

The following summarizes the investment strategy for each of the Plan's investments in the table presented above:

a. 103-12 investment entities represent investments with two entities: one in the Western Asset U.S. Core Plus LLC for \$35.0 million at June 30, 2022 and \$41.0 million at June 30, 2021, and another in the ULLICO Diversified International Equity Fund for \$10.4 million at June 30, 2022 and \$13.4 million at June 30, 2021. The Western Asset U.S. Core Plus LLC is a "master fund" in a "master/feeder" structure which primarily invests in investment grade debt and fixed income securities. Redemption is permitted daily with one-day notice.

The ULLICO Diversified International Equity Fund invests primarily in equity securities traded in equity markets of, or issued by, companies located in countries represented in the Morgan Stanley Capital International Europe, Australasia, and Far East Index (the Index) with the goal of exceeding the investment returns of the Index. Redemptions are permitted monthly with a 30-day notice period which can be waived at the discretion of the General Partner.

b. The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Housing Investment Trust (HIT) invests in a portfolio composed primarily of mortgage securities, with higher yield, higher credit quality and similar interest rate risks as the Barclays Capital Aggregate Bond Index. Redemptions are permitted monthly with a 15-day notice period.

c. The INDURE REIT LLC invests solely in the INDURE Build to Core Fund, LLC, which is a fund that is valued based on NAV. During the first two years following initial investment, redemption was limited to a maximum of 20% of investment balance. Following the two-year period, redemptions are permitted daily with a one-day notice period.

#### Note 6. Pension Plans

The International Union maintains two defined benefit pension plans to cover all of its employees. Employer contributions to the plans are based on actuarial costs as calculated by an outside actuary. The actuarial valuations are based on the unit credit cost method as required under the Pension Protection Act of 2006. The annual measurement date is June 30.

The net periodic pension cost for the plans for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022	2021
<b>Reported as part of compensation expense</b>		
Service cost	\$ 25,241,068	\$ 25,326,433
<b>Reported as other changes in net assets</b>		
Interest cost	22,981,217	22,260,945
Expected return on plan assets	(46,349,877)	(36,069,490)
Net amortization of loss	1,211,786	14,490,317
	(22,156,874)	681,772
<b>Net periodic pension cost</b>	<b>\$ 3,084,194</b>	<b>\$ 26,008,205</b>

Total amounts recognized as changes in unrestricted net assets separate from expenses reported in the consolidated statements of activities and changes in net assets as pension-related changes other than net periodic pension cost for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
<b>Net actuarial loss</b>	<b>\$ 24,000,503</b>	<b>\$ (134,292,858)</b>

Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2022 consist of the following:

<b>Net actuarial loss</b>	<b>\$ 95,841,231</b>
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The net periodic pension cost is based on the following weighted-average assumptions at the beginning of the year:

	2022	2021
<b>Discount rate</b>	3.50%	3.50%
<b>Average rate of compensation increase</b>	4.00%	4.00%
<b>Expected long-term rate of return on plan assets</b>	7.00%	7.00%

The plans' obligations and funded status as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021
<b>Fair value of plan assets</b>	\$ 622,756,784	\$ 681,075,558
<b>Projected benefit obligation</b>	618,666,097	675,417,730
<b>Excess of plan assets over projected benefit obligation</b>	<b>\$ 4,090,687</b>	<b>\$ 5,657,828</b>

Benefit obligations are based on the following weighted average assumptions at the end of the year:

	2022	2021
<b>Discount rate</b>	4.50%	3.50%
<b>Average rate of compensation increase</b>	4.00%	4.00%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
<b>Employer contributions</b>	\$ 25,517,556	\$ 24,773,626
<b>Employee contributions</b>	1,941,812	1,890,552
<b>Benefit payments</b>	31,389,955	31,887,487

Total expected employer contributions for the year ending June 30, 2023 are \$25.8 million. Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30, 2023	\$ 32,849,765
2024	33,502,082
2025	34,260,882
2026	35,287,037
2027	36,278,447
Years 2028-2032	196,068,612

The expected long-term rate of return on plan assets of 7% reflects the average rate of earnings expected on plan assets invested or to be invested to provide for the benefits included in the benefit obligations. The assumption has been determined by reflecting expectations regarding future rates of return for plan investments, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

Total pension plan weighted-average asset allocations at June 30, 2022 and 2021, by asset category, are as follows:

Asset category	2022	2021
<b>Cash and cash equivalents</b>	5%	5%
<b>Equity securities</b>	54%	58%
<b>Debt securities</b>	21%	21%
<b>Real estate and other</b>	20%	16%
	100%	100%

The plans' investment strategies are based on an expectation that equity securities will outperform debt securities over the long term, and that the plans should maximize investment return while minimizing investment risk through appropriate portfolio diversification. All investments are actively managed by a diversified group of professional investment managers, whose performance is routinely evaluated by a professional investment consultant. Target allocation percentages are 50% for equities, 30% for fixed income securities, 13% for real estate, and 7% for other investments (principally limited partnerships).

The following tables sets forth, by level within the fair value hierarchy, the pension plans' investment assets at fair value as of June 30, 2022 and 2021:

Description	June 30, 2022			
	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Unitized Pool Investments</b>				
Common stock	\$ 100,596,689	\$ 100,596,689	\$ -	\$ -
Preferred stock	188,848	-	188,848	-
Corporate bonds	29,056,770	-	29,056,770	-
U.S. Government and government agency obligations	19,061,449	8,354,413	10,707,036	-
Municipal bonds	6,942,980	-	6,942,980	-
Registered investment companies	78,403,184	78,403,184	-	-
Common/collective trusts	10,757,561	-	-	10,757,561
	245,007,481	\$ 187,354,286	\$ 46,895,634	\$ 10,757,561
Investments measured at net asset value*	345,270,118			
<b>Total</b>	<b>590,277,599</b>			

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June 30, 2022				
Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Non-Pool Investments</b>				
Cash and cash equivalents	\$ 1,609,325	\$ 1,609,325	\$ -	\$ -
Common/collective trusts	19,756,018	-	-	19,756,018
Canadian Government obligations	7,276,290	1,098,430	6,177,860	-
Corporate obligations	5,758,597	-	5,758,597	-
Common stocks	26,893,561	26,893,561	-	-
	61,293,791	\$ 29,601,316	\$ 11,936,457	\$ 19,756,018
Investments measured at net asset value*	2,041,717			
Total	63,335,508			
<b>Other Assets and Liabilities</b>				
Cash	501,562			
Contributions receivable	150,500			
Accrued investment income receivable	653,469			
Accounts payable and accrued expenses	(285,030)			
Net transactions pending settlement	(9,278,436)			
Total	(8,257,935)			
Net assets, total	645,355,172			
Less: share to other employers	(22,598,388)			
Fair value of plan assets	\$ 622,756,784			

June 30, 2021				
Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Unitized Pool Investments</b>				
Common stock	\$ 112,237,160	\$ 112,237,160	\$ -	\$ -
Preferred stock	193,406	-	193,406	-
Corporate bonds	28,206,256	-	28,206,256	-
U.S. Government and government agency obligations	22,709,382	8,854,220	13,855,162	-
Municipal bonds	9,036,434	-	9,036,434	-
Registered investment companies	94,813,628	94,813,628	-	-
Common/collective trusts	11,002,994	-	-	11,002,994
	278,199,260	\$ 215,905,008	\$ 51,291,258	\$ 11,002,994
Investments measured at net asset value*	360,086,417			
Total	638,285,677			
<b>Non-Pool Investments</b>				
Cash and cash equivalents	986,104	\$ 986,104	\$ -	\$ -
Common/collective trusts	23,200,972	-	-	23,200,972
Canadian Government obligations	7,430,036	1,190,950	6,239,086	-
Corporate obligations	6,198,736	-	6,198,736	-
Common stocks	33,648,597	33,648,597	-	-
	71,464,445	\$ 35,825,651	\$ 12,437,822	\$ 23,200,972
Investments measured at net asset value*	2,529,902			
Total	73,994,347			
<b>Other Assets and Liabilities</b>				
Cash	295,249			
Contributions receivable	145,000			
Accrued investment income receivable	703,664			
Accounts payable and accrued expenses	(413,569)			
Net transactions pending settlement	(10,056,734)			
Total	(9,326,390)			
Net assets, total	702,953,634			
Less: share to other employers	(21,878,076)			
Fair value of plan assets	\$ 681,075,558			

\*Investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

Investments valued based on Level 3 inputs consist of amounts held in a common/collective trust which is not publicly traded and for which the fair value is based on \$1 per unit of investment held. There were no changes in valuation techniques used during the years ended June 30, 2022 and 2021.

The following is a summary of the changes in Level 3 investments for the years ended June 30, 2022 and 2021:

Changes in Level 3 Category	Common/Collective Trusts	
	2022	2021
Beginning balance– 7/1/	\$ 34,203,966	\$ 22,712,158
Net gains(realized/unrealized)	-	-
Purchases	55,460,111	117,780,442
Sales	(59,150,498)	(106,288,634)
Ending balance– 6/30/	\$ 30,513,579	\$ 34,203,966

The International Union maintains a Supplemental Plan under IRC Section 457 to pay pension benefits required under its Constitution that cannot be paid from its qualified defined benefit plans. The liability for amounts due under the Supplemental Plan have been actuarially determined and total \$1,494,647 and \$1,401,000 as of June 30, 2022 and 2021, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were \$1,235,385 and \$1,196,295 for the years ended June 30, 2022 and 2021, respectively.

#### Note 7. Postretirement Benefits

The International Union provides medical and prescription insurance coverage for both active and retired employees through the NECA/IBEW Family Medical Care Plan, a multiemployer defined benefit health and welfare plan. In accordance with U.S. generally accepted accounting principles, the International Union does not report a liability for the excess of the related postretirement benefit obligation over plan assets in connection with the provision of these benefits. However, the International Union does appropriate net assets in an amount sufficient to fund the liability that would be accrued for the medical and prescription insurance coverage were those benefits not funded through a multiemployer plan. The International Union also provides certain health care, life insurance and legal benefits for substantially all employees who reach normal retirement age while working for the International Union. A liability is reported for the excess of the postretirement benefit obligation over plan assets in connection with the provision of these additional benefits.

Related benefit costs for the years ended June 30, 2022 and 2021:

	2022	2021
<b>Reported as part of compensation expense</b>		
Service cost	\$ 3,452,000	\$ 3,335,000
<b>Reported as other changes in net assets</b>		
Interest cost	3,111,000	2,987,000
Amortization of prior service cost	(1,357,000)	(1,357,000)
	1,754,000	1,630,000
<b>Total postretirement benefit cost</b>	\$ 5,206,000	\$ 4,965,000

The accumulated postretirement benefit obligation and funded status at June 30, 2022 and 2021 are as follows:

	2022	2021
<b>Postretirement benefit obligation</b>	\$ 90,516,000	\$ 86,921,000
<b>Fair value of plan assets</b>	-	-
<b>Excess of postretirement benefit obligation over plan assets</b>	\$ 90,516,000	\$ 86,921,000

The above postretirement benefit cost does not represent the actual amounts paid (net of estimated Medicare Part D subsidies) of \$2,968,000 and \$2,773,000 for the years ended June 30, 2022 and 2021, respectively. Amounts of as June 30, 2022 that have been recognized in net assets but not yet amortized into net periodic postretirement benefit cost are:

<b>Prior service cost</b>	\$ (1,316,000)
<b>Net gain</b>	2,740,000
	\$ 1,424,000

The amounts that will be amortized from net assets into net periodic benefit cost during 2023 total \$1,316,000.

During the years ended June 30, 2022 and 2021, the International Union paid the NECA/IBEW Family Medical Care Plan approximately \$16,000,000 and \$15,700,000, respectively, for medical and prescription coverage for both active and retired employees.

Weighted-average assumptions used to determine net postretirement benefit cost at beginning of year:

	2022	2021
<b>Discount rate</b>	3.50%	3.50%

Weighted-average assumptions used to determine benefit obligations at end of year:

	2022	2021
<b>Discount rate</b>	3.50%	3.50%

The assumed health care cost trend rates used to measure the expected cost of benefits for the year ended June 30, 2022, were assumed to increase by 8.0% for medical, 5.5% for green shield, 10.5% for dental/vision, 5.0% for Medicare Part B premiums, and 3.28% for legal costs. Thereafter, rates for increases in medical were assumed to gradually decrease until they reach 3.28% over 20 years. If the assumed rates increased by one percentage point it would increase the benefit obligation and net periodic benefit cost as of June 30, 2022 by \$11,835,000 and \$1,185,000, respectively. However, if the assumed rates decreased by one percentage point it would decrease the benefit obligation and net periodic benefit cost as of June 30, 2022 by \$9,323,000 and \$891,000, respectively.

Total expected benefit payments, net of Medicare Part D subsidies, for the next 10 fiscal years are as follows:

Year ending June 30, 2023	\$ 3,121,000
2024	3,296,000
2025	3,490,000
2026	3,688,000
2027	3,874,000
Years 2028–2032	21,542,000

The International Union appropriated investments of \$252,518,000 at June 30, 2022 and \$176,851,000 at June 30, 2021 to pay for future postretirement benefit costs.

**Note 8. Contract Balances**

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. All of IBEW's contract assets are considered accounts receivable and are included within the accounts receivables balance in the consolidated statements of financial position. All of IBEW's contract liabilities are included with deferred revenues in the consolidated statements of financial position. Balances in these accounts as of the beginning and end of the years ended June 30, 2022 and 2021 are as follows.

	2022	2021	2020
<b>Receivables</b>			
Per capita tax	\$ 10,393,692	\$ 9,971,939	\$ 12,905,051
Merchandise sales	212,791	226,381	33,868
	<u>\$ 10,606,483</u>	<u>\$ 10,198,320</u>	<u>\$ 12,938,919</u>
<b>Deferred revenue</b>			
Per capita tax	\$ 11,144,644	\$ 11,721,924	\$ 10,814,585
Convention income	–	2,023,486	1,604,904
	<u>\$ 11,144,644</u>	<u>\$ 13,745,410</u>	<u>\$ 12,419,489</u>

**Note 9. Royalty Income**

The International Union has entered into a multi-year License Agreement and a List Use Agreement with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) under which the AFL-CIO has obtained rights to use certain intangible property belonging to the International Union, including the rights to use the name, logo, trademarks and membership lists of the International Union, in exchange for specified royalty payments to be paid to the International Union by the AFL-CIO. In turn, the AFL-CIO has sub-licensed the rights to use the International Union intangible property to Capital One Bank, for use by the bank in connection with its marketing of credit card and certain other financial products to members of the International Union. These agreements commenced on March 1, 1997. In 2018, these agreements were extended to December 2025. For the years ended June 30, 2022 and 2021, the International Union recognized as revenue \$549,416 and \$588,044, respectively.

In addition, the International Union subleases a portion of its office space. These leases, which expire at various dates through 2031, contain renewal options. Future minimum rental payments due under these agreements, excluding the lease payments due from the International Union, are as follows:

Year ending June 30, 2023	\$ 9,025,876
2024	7,968,892
2025	7,085,348
2026	6,247,179
2027	6,279,745
Years 2028–2032	14,467,713

**Note 10. Litigation**

The International Union is a party to a number of routine lawsuits, some involving substantial amounts. In all of the cases, the complaint is filed for damages against the International Union and one or more of its affiliated local unions. General Counsel is of the opinion that these cases should be resolved without a material adverse effect on the financial condition of the International Union.

**Note 11. Related Party Transactions**

The IBEW provides certain administrative services to the International Brotherhood of Electrical Workers' Pension Benefit Fund (Fund), for which the International Union is reimbursed. These services include salaries and benefits, facilities, computer systems, and other administrative services. The amount reimbursed totaled \$2,900,000 and \$2,800,000, for the years ended June 30, 2022 and 2021, respectively.

In addition, the International Union collects and remits contributions received on behalf of the Fund from members.

The International Union also pays administrative services on behalf of the Pension Plan for the International Officers, Representatives and Assistants of the International Brotherhood of Electrical Workers, and the Pension Plan for Office Employees of the International Brotherhood of Electrical Workers. The administrative services include auditing, legal and actuarial services. The costs of the administrative services are not readily determinable.

**Note 12. Operating Leases**

The International Union, through the IBEW Headquarters Building LLC, has entered into agreements to lease space in its build-

**Note 13. Capital Leases**

The International Union has entered into a master lease agreement for automobiles that qualifies as a capital lease arrangement. As such, the leased automobiles are capitalized and depreciated over their respective lease terms, and a liability is reported for the net present value of the future lease payments due. Remaining lease payments as of June 30, 2022 are due as follows:

Year ending June 30, 2023	\$ 1,980,734
2024	56,637
	<u>2,037,371</u>
Less amount representing interest	<u>(270,403)</u>
Net present value of remaining lease payments	<u>\$ 1,766,968</u>

**Note 14. Risks and Uncertainties**

The International Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

**Note 15. Subsequent Events Review**

Subsequent events have been evaluated through October 21, 2022, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying consolidated financial statements. ■



*The Electrical Worker* was the name of the first official publication of the National Brotherhood of Electrical Workers in 1893 (the NBEW became the IBEW in 1899 with the expansion of the union into Canada). The name and format of the publication have changed over the years. This newspaper is the official publication of the IBEW and seeks to capture the courage and spirit that motivated the founders of the Brotherhood and continue to inspire the union's members today. The masthead of this newspaper is an adaptation of that of the first edition in 1893.

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We welcome letters from our readers. The writer should include his or her name, address and, if applicable, IBEW local union number and card number. Family members should include the local union number of the IBEW member to whom *The Electrical Worker* is mailed. Please keep letters as brief as possible. *The Electrical Worker* reserves the right to select letters for publication and edit all submissions for length.

**Send letters to:**

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